
ACADIANA OUTREACH CENTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2014



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ACADIANA OUTREACH CENTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Acadiana Outreach Center, Inc.
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Acadiana Outreach Center, Inc. (a non-profit organization) as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadiana Outreach Center, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2014 on our consideration of Acadiana Outreach Center Inc.'s internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 8, 2014

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 126,008	\$ 75,258
Promises to give	-	8,350
Grants receivable	18,975	12,706
Prepaid expenses	3,410	2,450
Total current assets	<u>148,393</u>	<u>98,764</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Property and equipment, net	<u>181,525</u>	<u>177,825</u>
Total property and equipment	<u>181,525</u>	<u>177,825</u>
 Total Assets	 <u><u>\$ 329,918</u></u>	 <u><u>\$ 276,589</u></u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,925	\$ 42,018
Accrued expenses	<u>14,191</u>	<u>23,426</u>
Total current liabilities	<u>16,116</u>	<u>65,444</u>
Total Liabilities	<u>16,116</u>	<u>65,444</u>
<u>NET ASSETS</u>		
Unrestricted net assets	<u>313,802</u>	<u>211,145</u>
Total net assets	<u>313,802</u>	<u>211,145</u>
Total Liabilities and Net Assets	<u><u>\$ 329,918</u></u>	<u><u>\$ 276,589</u></u>

The accompanying notes are an integral part of these financial statements.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>REVENUES</u>		
Donor contributions	\$ 55,662	\$ 66,294
Special events	231,145	197,472
Investment income	681	340
Grants	171,116	158,858
In-kind donations	27,333	42,148
Program revenue	44,334	48,204
Other revenue	17,048	10,151
Gain on sale of assets	-	1,300
Total revenues	<u>547,319</u>	<u>524,767</u>
<u>EXPENSES</u>		
Program	303,958	271,409
Management and general	34,221	32,421
Fundraising	106,483	86,572
Total expenses	<u>444,662</u>	<u>390,402</u>
Change in net assets	102,657	134,365
Net assets - beginning of year	<u>211,145</u>	<u>76,780</u>
Net assets - end of year	<u>\$ 313,802</u>	<u>\$ 211,145</u>

The accompanying notes are an integral part of these financial statements.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 102,657	\$ 134,365
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	8,805	12,730
Gain on disposition of assets	-	(1,300)
Changes in operating assets and liabilities:		
Pledges receivable	8,350	(8,350)
Grants receivable	(5,417)	(1,061)
Other receivable	(852)	(4,568)
Prepaid expenses	(960)	(2,450)
Accounts payable	(40,093)	(35,295)
Grant payable	-	(11,987)
Accrued expenses	(9,235)	(20,807)
Net cash provided by operating activities	<u>63,255</u>	<u>61,277</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(12,505)	-
Gross proceeds from the sale of property and equipment	<u>-</u>	<u>1,300</u>
Net cash (used in) provided by investing activities	<u>(12,505)</u>	<u>1,300</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Advance on line of credit	-	13,000
Payments on line of credit	<u>-</u>	<u>(13,000)</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	50,750	62,577
Cash and cash equivalents - beginning of year	<u>75,258</u>	<u>12,681</u>
Cash and cash equivalents - end of year	<u>\$ 126,008</u>	<u>\$ 75,258</u>
Supplemental Information:		
Cash paid for interest expense	<u>\$ 566</u>	<u>\$ 2,767</u>

The accompanying notes are an integral part of these financial statements.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2014 AND 2013

2014

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salary and wages expense	\$ 192,401	\$ 23,100	\$ 23,100	\$ 238,601
Professional fees	6,946	6,946	-	13,892
Client assistance expense	32,070	-	-	32,070
Insurance	15,903	837	-	16,740
Office expenses	9,389	494	-	9,883
Utilities and waste expense	15,542	818	-	16,360
Repairs and maintenance	14,099	742	-	14,841
Staff development	770	-	-	770
Fundraising expense	-	-	59,250	59,250
Interest expense	-	566	-	566
In-kind donations expense	3,200	-	24,133	27,333
Depreciation expense	8,365	440	-	8,805
Other expenses	5,273	278	-	5,551
	<u>\$ 303,958</u>	<u>\$ 34,221</u>	<u>\$ 106,483</u>	<u>\$ 444,662</u>

The accompanying notes are an integral part of these financial statements.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2014 AND 2013

2013

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salary and wages expense	\$ 175,856	\$ 21,434	\$ 21,434	\$ 218,724
Professional fees	4,368	4,367	-	8,735
Client assistance expense	17,656	-	-	17,656
Insurance	13,530	712	-	14,242
Office expenses	10,102	532	-	10,634
Utilities and waste expense	12,923	680	-	13,603
Repairs and maintenance	10,258	540	-	10,798
Staff development	343	-	-	343
Fundraising expense	-	-	25,103	25,103
Interest expense	-	2,767	-	2,767
In-kind donations expense	-	-	40,035	40,035
Depreciation expense	12,093	637	-	12,730
Other expenses	14,280	752	-	15,032
	<u>\$ 271,409</u>	<u>\$ 32,421</u>	<u>\$ 86,572</u>	<u>\$ 390,402</u>

The accompanying notes are an integral part of these financial statements.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

Acadiana Outreach Center, Inc. (the Organization or AOC) was organized under the provisions of R.S. 1950, Title 12, Chapter 2, as amended, of the State of Louisiana on November 5, 1990. The Organization constitutes a not-for-profit corporation, organized exclusively for charitable, educational, and scientific purposes. The Acadiana Outreach Center, Inc. focuses on the needs of the poor and homeless in South Louisiana areas by providing substance abuse/mental health services, or women's emergency/transitional shelter, basic needs services, comprehensive case management services and structured rehabilitative programs to fight poverty, homelessness, and mental health and substance abuse conditions.

AOC's mission is to restore the lives of our poverty stricken neighbors by providing critical recovery services – access to housing, meaningful employment and addiction treatment. These services are delivered through faith based programs easily accessible to their clients. The Organization is focused on the delivery of positive client outcomes as they assist in the transition from dependency to self-sufficiency. The Organization's major program is as follows:

Lighthouse Women and Children's Shelter - The Lighthouse is an emergency/transitional shelter for homeless women and their children. The Lighthouse is a twenty-eight (28) bed facility providing case management, housing referrals, job placement assistance, life skills training, parenting classes, tutoring for the children, plus the basic necessities of food, shelter, and clothing. The Lighthouse is a place women and children can temporarily call home while they transition from homelessness to self-sufficiency with support and guidance from a caring and nurturing staff.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization did not have any permanently or temporarily restricted net assets at June 30, 2014 or June 30, 2013.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

Property and Equipment

Property and equipment are stated at historical cost. Donated assets are recorded at fair market value which is then treated as cost. Depreciation of property and equipment is based upon the estimated useful service lives of the assets, which range from 5 - 40 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements in excess of \$2,000 are capitalized.

Revenue Recognition and Receivables

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Promises to give are recognized as revenue in the period the promise is received. Promises to give are recorded at their realizable value given they are expected to be collected within one year.

Grants for fee income are recorded as unrestricted net assets in the Statements of Activities. Grants receivable represent amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization.

The allowance for doubtful accounts is based on management's estimate of collectability of receivables based on economic conditions, experience and other relevant factors. Based on management's assessment of collectability of its receivables, an allowance for doubtful accounts is not necessary at either June 30, 2014 or 2013.

Contributed Services

The Organization recognizes contribution revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. During the years ended June 30, 2014 and 2013, there were no contributed services meeting the requirements for recognition.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The organization received contributions of auction items, event catering and advertising for the Palates & Pate auction during the fiscal years ending June 30, 2014 and 2013. The Organization received various donated supplies to be used for the Palates & Pate event as well as within the programs and to be distributed to clients without charge during the fiscal year ended June 30, 2014. These contributions have been recorded at their estimated fair value as revenue with the offset recorded to expenses. The values of in-kind contributions received during the years ended June 30, 2014 and 2013 were \$27,333 and \$42,148, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and administrative activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated between program and administrative expense based on management's estimate.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is necessary.

The Organization accounts for income taxes in accordance with income tax accounting guidance included in the Accounting Standards Codification (ASC). The Organization recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs.

The Organization has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years ending before June 30, 2011.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Property and Equipment

Property and equipment acquired by the Organization is considered to be owned by the Organization. The composition of property and equipment at June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Land	\$ 56,500	\$ 56,500
Buildings & improvements	225,163	212,658
Vehicles	24,522	24,522
Furniture, fixtures, & equipment	<u>168,528</u>	<u>168,528</u>
	\$ 474,713	\$ 462,208
Accumulated depreciation	<u>(293,188)</u>	<u>(284,383)</u>
Net book value	<u>\$ 181,525</u>	<u>\$ 177,825</u>

Depreciation expense for the years ended June 30, 2014 and 2013 totaled \$8,805 and \$12,730, respectively.

4. Line of Credit

On September 27, 2012, Acadiana Outreach Center signed documents with a financial institution to obtain a revolving line of credit in the amount of \$20,000, secured with a certificate of deposit. Interest is payable monthly at an annual interest rate of 4.5%, continuing until the debt is paid in full. The line of credit expired on September 26, 2013. The balance of the liability at June 30, 2013 was \$0.

5. Concentration of Credit Risk

The Organization maintains several accounts at a local financial institution. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Management believes the credit risk associated with these deposits is minimal.

6. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, October 8, 2014, and determined that no events have occurred that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Acadiana Outreach Center, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Acadiana Outreach Center, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2014, the statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Acadiana Outreach Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Acadiana Outreach Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Portlethwaite & Wetterville

Baton Rouge, Louisiana

October 8, 2014

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE.

ACADIANA OUTREACH CENTER, INC.
LAFAYETTE, LOUISIANA

SUMMARY OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013

FINDINGS – FINANCIAL STATEMENT AUDIT

2013-1 Grant Related Reimbursements

- Criteria:** The terms of the grant award requires that charges to awards for salaries and wages, whether treated as direct costs or indirect costs, are to be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports. These reports must reflect the distribution of activity of each employee and must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to the grant award. The reports are to be prepared monthly and coincide with one or more pay periods. The reports must also reflect an after-the-fact determination of the actual activity of each employee and be signed by a supervisor with firsthand knowledge of the activities performed by the employee.
- Condition:** Administrative salaries of the Organization including the CEO, Financial Manager, Property Manager, Resident Manager, and administrative support personnel were not supported by personnel activity reports. *This is a repeat finding from the prior year.*
- Cause:** Management is currently requesting reimbursement for administrative salaries based on an estimated percentage of time spent on the grant. During the fiscal year, management implemented a timesheet procedure allowing for the tracking of actual time incurred on grant activities. However, this timesheet data was not compared to the estimated amounts requested for reimbursement.
- Effect:** The Organization did not meet the documentation requirements of the grant award.
- Recommendation:** Management should develop policies and procedures to ensure that all salaries and wages charged to grant awards should be supported by personnel activity reports as required under the grant terms, and that this data is used in preparing grant reimbursement requests. Actual timesheet data should be compared to the estimated amounts on a quarterly basis, at a minimum.

View of Responsible Official and Planned Corrective Action:

Management will begin reviewing actual timesheets and amount spent on grants when preparing reimbursement requests in the future. Policies and procedures have been implemented to correct this issue.

Current Status: Corrected.